

# EXHIBIT 4

**DECLARATION OF SALLY MORTON**

I, Sally Morton, hereby declare:

1. I am a resident of the State of Arizona. I am currently employed by Arizona State University as Executive Vice President of the ASU Knowledge Enterprise and as a Professor in the College of Mathematical and Statistical Sciences and the College of Health Solutions. In my capacity as Executive Vice President, I lead the university's research and economic development portfolio to advance research priorities, oversee ASU's research institutes and initiatives, and drive corporate engagement, strategic partnerships, intellectual property, and technology transfer.
2. As Executive Vice President of the ASU Knowledge Enterprise, I have personal knowledge of the matters set forth below, or have knowledge of the matters based on my review of information and records provided to me by ASU employees and believe that information to be true. If called as a witness, I could and would testify competently to the matters set forth below.
3. I am providing this declaration to explain certain impacts of the National Science Foundation (NSF)'s announced cut of facilities and administrative costs payments (also known as indirect costs) to 15%.
4. ASU is a comprehensive public research university committed to advancing research and discovery of public value. ASU is one of the fastest-growing research enterprises in the United States, with total research expenditures of \$904 Million in its fiscal year ending June 30, 2023 as reported on the NSF HERD survey.
5. Sponsored funding from federal agencies constitutes a significant portion of ASU's annual research expenditures. In its fiscal year ending June 30, 2024, ASU expended

\$508 Million received from federal agencies to conduct research work under approved agreements.

6. ASU receives sponsored funding from at least 23 different federal agencies, including NSF.
7. ASU has a Negotiated Indirect Cost Rate Agreement with the federal government applicable to all of its federal awards. Ex. A.
8. The indirect cost rate in ASU's Negotiated Indirect Cost Rate Agreement is 57% for on-campus research. Because certain direct cost categories are exempted from calculating indirect costs, ASU's overall effective indirect cost rate across all sponsors is approximately 35%.
9. In federal fiscal year 2024, ASU received 172 awards from NSF, totaling over \$110 million in anticipated funding and approximately \$87 million in obligated funding. To illustrate the impact of the announced NSF rate reduction on the university's research portfolio, imposing a rate cap of 15% on the university's current awards would result in a loss of approximately \$17 million in funding available to pay for the indirect costs of the research the university is obligated to perform under its NSF agreements.
10. ASU intends to apply for new funding awards and for renewals and continuations of existing funding awards in the next year and future years to come. In fact, ASU currently has almost 400 proposals outstanding with NSF, totaling almost \$275 million in requested budget. Four of these proposals are currently categorized as "award anticipated," and these four proposals alone amount to \$1.7 million in requested budget. These proposals were submitted prior to NSF's announcement regarding a cap on indirect cost rates and were therefore prepared with the expectation that its existing Negotiated Indirect Cost

Rate Agreement would continue to apply.

11. ASU's federally funded research, including its NSF-funded research, plays an indispensable role in advancing scientific knowledge and maintaining American scientific and industry competitiveness.
12. One example of the cutting edge research currently funded by NSF is FORCE: Facility for Open Research in a Compressed Environment. FORCE uses highly specialized equipment to create extreme pressure and temperature conditions under which materials undergo unique changes that alter their atomic structure, forming entirely new materials or altering their properties and thereby unlocking new uses that may be incorporated into everyday products – from better electronics and construction materials to new technologies that harness energy more effectively. The extreme conditions that FORCE creates and studies also mimic the interiors of planets, which allows scientists to improve our understanding of natural resources, seismic activity, and planetary processes. The discoveries possible in this environment have the potential to transform consumer and industrial products and infrastructure and enhance American competitiveness.
13. This kind of advanced research relies on specialized laboratories, equipment, and expertise that are typically found only at advanced research institutions like Arizona State University. FORCE involves purchasing and installing extremely sophisticated, high-pressure research equipment, such as large presses and high-pressure torsion machines. This instrumentation must be housed in customized laboratories that require unique safety protocols, specific climate controls, and computational and technical infrastructure. Projects like FORCE also benefit from the availability of cross-departmental collaboration in a university environment, which enables them to bring together

researchers from multiple fields (in the instance of FORCE, this includes researchers with expertise in Earth Sciences, Chemistry, and Materials Research). Altogether, this comprehensive ecosystem of state-of-the-art equipment, specialized facilities, and technical support, coupled with an active community of researchers, is critical for pushing the boundaries of research and delivering transformative breakthroughs through projects like FORCE.

14. Recovering indirect costs of research is essential to sustaining the university's research infrastructure generally, including the specific infrastructure needed to perform the university's current grant agreements with NSF. Indirect cost funding pays for critical expenses that keep research programs operational. These include the costs of operating physical research facilities, such as electricity, water, and utilities; the acquisition and maintenance of specialized research equipment utilized for multiple projects; and personnel costs for employees who directly support research operations, such as those who are engaged in environmental health and safety, animal care, data management, and grant compliance. Many of these compliance tasks relate to regulatory mandates from NSF, including ensuring research integrity, properly managing and disposing of chemical and biological agents used in research, providing the secure computing environments mandated for regulated data, and preventing intellectual property and national security expertise from being inappropriately accessed by foreign adversaries. Indeed, the costs linked to regulatory mandates have continued to increase over time. For example, the university's costs for meeting the requirements for administering and executing grants and contracts per federal guidelines have increased by over 50% in the last two years, faster than the university has been able to renegotiate the F&A rates that are intended to

cover such costs.

15. For example, the FORCE project discussed above relies on specialized equipment that requires expertise to install, operate, and maintain and must be located in a building with appropriate infrastructure and security. Indirect cost funding supports the operation, maintenance, and improvement of these facilities, including the building upkeep, advanced electrical and mechanical services, and other behind-the-scenes support that ensures high-tech machines can be used safely and effectively.
16. Indirect cost funding also supports the creation and maintenance of interdisciplinary centers, staffing them with the right mix of technical personnel, and providing the laboratory, meeting, and technology infrastructure that makes multidisciplinary collaborations like the FORCE project possible.
17. The NSF announcement, if implemented, jeopardizes millions of dollars in indirect cost recovery that ASU has relied on in developing the scientific infrastructure on which its extensive scientific research endeavors depend. The university has made building and equipment purchases, personnel and operational plans and decisions, and entered into employment and other contracts, in reliance on that understanding. The reduction of NSF indirect cost recovery by more than half jeopardizes the university's ability to conduct not only the research work contemplated by its current agreements with NSF but other research work that the shared facilities and personnel paid for through indirect cost funds support.
18. ASU is not able to increase its subsidy of research activities to absorb the losses associated with the announced NSF indirect cost rate reduction, especially given the scale of the reduction and the lack of notice. ASU is a public, not-for-profit institution that is

responsible not just for funding research endeavors but also the teaching of the more than 180,000 students who are enrolled in its more than 400 undergraduate academic programs and majors and 450 graduate degree programs and certificates. ASU utilizes a multi-year budgeting process to plan for the expenses necessary to meet its commitments to its students, employees, and contractual partners. The budgeting process relied on the expectation that NSF and other federal agencies would continue to honor the well-established process for negotiating indirect cost rates, and the budget cannot simply expand to cover a precipitous reduction in the reimbursement of costs incurred to perform sponsored research.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed this 5th day of May, 2025, in Tempe, Arizona.



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Sally Morton  
Executive Vice President of the Arizona  
State University Knowledge Enterprise